

COMMUNITY DEVELOPMENT BLOCK GRANT ECONOMIC DEVELOPMENT (CDBG-ED)

The CDBG-ED program was designed to assist businesses that will invest private funds and create jobs as they expand or relocate to Wisconsin. The Wisconsin Department of Commerce awards the funds to a general-purpose unit of government (community) which then loans the funds to a business. When the business repays the loan, the community may retain the funds to capitalize a local revolving loan fund. This fund can then be utilized to finance additional economic development projects within the community.

ELIGIBILITY:

All businesses that are, or will be operating in Wisconsin are invited to participate in this program provided they are:

- located in cities whose population does not exceed 50,000
- not located in Milwaukee County
- not located in certain Waukesha or Dane County communities

For additional information on non-eligible communities contact the appropriate Area Development Manager, identified on page #2.

***Note:** Milwaukee County and all other ineligible communities operate their own CDBG programs.*

ELIGIBLE ACTIVITIES:

- Construction and expansion
- Working capital
- Acquisition of existing businesses, land, buildings, and equipment

***Note:** Refinancing is not an eligible activity.*

LEVEL OF PARTICIPATION:

The Department of Commerce's typical level of participation in a CDBG-ED project is \$3,000 to \$10,000 per full time job created, although the actual amount of participation is dependent upon factors such as the following:

- The viability of the project.
- The number and nature of jobs created.
- The project's economic impact upon the community.
- The collateral position available.

PROGRAM REQUIREMENTS:

1. At least 50% of the total eligible project costs must be funded through private resources.
2. At least 51% of the jobs created or retained must be filled or made available to persons of low and moderate income.
3. The total amount of the CDBG-ED assistance that can be provided to any business may not exceed \$1 million.

FINANCE TERMS AND CONDITIONS:

INTEREST RATE:

The Department of Commerce will provide below market interest at a fixed rate for the life of the loan (typically 4%).

TERMS:

1. Working capital-5 to 7 years
2. Equipment-5 to 10 years
3. Real estate-12 year term amortized over 20 years

COLLATERAL:

The Department of Commerce will seek the best collateral position possible to ensure that the CDBG-ED loans are adequately secured.

***Note:** Personal guarantees are required.*

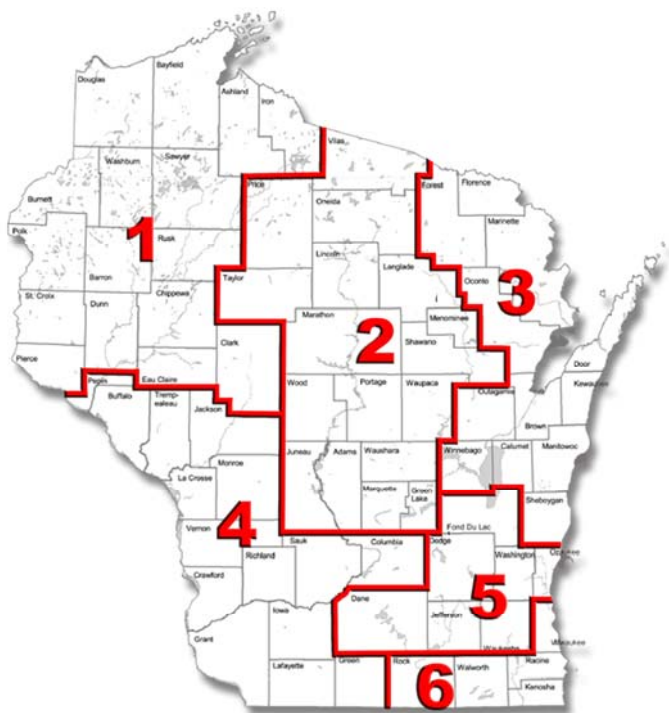
REPAYMENT:

Monthly payments of the principal and interest are required.

1. Interested applicants must first talk with the local Area Development Manager (ADM). {See map below} The ADM will visit the site and discuss the project with the applicant, provide a copy of the application manual and identify other programs that could potentially assist the applicant.
2. The ADM will submit the preliminary project information to the Department for review by a Finance Specialist.
3. The Finance Specialist will underwrite the project and make a funding recommendation to the Secretary's Office. The Secretary's Office will either:
 - A. Deny the proposal, in which case the applicant will receive a letter outlining the reasons for denial.

OR

 - B. Make a positive funding recommendation, in which case the applicant will receive a preliminary commitment letter fully detailing the terms and conditions of the Department's proposed participation.
4. If a positive recommendation is made, the final step is for the community to submit a CDBG-ED application for approval.



- Background information on the company.
- A description of the project.
- A detailed project budget.
- Information on employment levels, wages, and benefits, both existing and projected (3 years).
- A project timeline.
- Balance sheet, profit and loss, and cash flow statements for the last three fiscal years, and the most recent interim statement.
- Three years of financial projections with notes covering all significant assumptions.
 1. For the first year, provide monthly balance sheets, profit and loss, and cash flow statements.
 2. For the second and third years, provide fiscal year-end balance sheets, profit and loss and cash flow statements.
- Personal Financial Statements for principals with ownership of 20% or greater. Statements should be signed and include Social Security numbers, date of birth, phone numbers, and home addresses.

Note: All financial statements should be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Region 1: Marty Ambros	715/836-2630
Region 2: Deb Clements	715/344-1381
Region 3: Dennis Russell	920/498-6302
Region 4: William Winter	608/647-4613
Region 5: Kathy Heady	608/266-9944
Region 6: David Martens	608/261-7711
Bureau Director: John Stricker	608/261-7710